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C O N F I D E N T I A L SECTION 01 OF 02 ROME 001393

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DEPT FOR EUR/SCE AND EUR/WE

E.O. 12958: DECL: 03/19/2012

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TAGS: AL ENRG IT PHUM PREF ENRG IT PHUM PREF PREL PRELAL

SUBJECT: ALBANIAN PM MAJKO'S MEETING WITH PM BERLUSCONI:  
ENERGY; TOURISM MAIN POINTS OF DISCUSSION

CLASSIFIED BY: POLITICAL MINISTER-COUNSELOR TOM COUNTRYMAN.  
REASON: 1.5 (B)(D).

1. (C) SUMMARY: ON MARCH 12, ALBANIAN AMBASSADOR TO ITALY PELLUMB XHUFİ GAVE POLITICAL MINISTER-COUNSELOR TOM COUNTRYMAN AND POLOFF JIM DONEGAN A READOUT ON ALBANIAN PRIME MINISTER PANDELI MAJKO'S MARCH 6 MEETING IN ROME WITH PM BERLUSCONI. ACCORDING TO XHUFİ, THE MEETINGS FOCUSED ON TWO ISSUES: ITALY'S COMMITMENT TO HELP ALBANIA TO SOLVE ITS CONTINUING ENERGY CRISIS, AND DEVELOPMENT OF THE ALBANIAN TOURISM SECTOR. THE ITALIAN MFA CONFIRMED THAT A TEAM FROM THE ITALIAN ELECTRICITY COMPANY ENEL WOULD VISIT ALBANIA DURING THE WEEK OF MARCH 25. END SUMMARY.

2. (C) ACCORDING TO XHUFİ, AN INDICATION OF HOW IMPORTANT ITALY IS TO ALBANIA'S FOREIGN RELATIONS IS THE FACT THAT THIS WAS MAJKO'S FIRST OFFICIAL FOREIGN VISIT SINCE TAKING OFFICE. THE PMS DISCUSSED ALBANIA'S CONTINUING SERIOUS ELECTRICITY GENERATION AND DISTRIBUTION PROBLEMS. BERLUSCONI PROMISED ITALIAN ASSISTANCE FOR THE SHORT AND LONG TERM. FIRST, A TEAM FROM ENEL (ENTE NAZIONALE PER L'ENERGIA ELETTRICA) WOULD VISIT ALBANIA DURING THE WEEK OF MARCH 25 TO DETERMINE HOW TO PROVIDE RELIEF FOR THE COMING MONTHS. THIS WOULD BE FOLLOWED UP WITH MORE ASSISTANCE DESIGNED TO SOLVE THE ENERGY INFRASTRUCTURE PROBLEM IN ALBANIA FOR THE LONG TERM.

3. (C) XHUFİ SAID THAT BERLUSCONI HAD ALSO PROMISED ITALIAN  
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ASSISTANCE FOR ALBANIA'S NASCENT TOURISM INDUSTRY. FOR INSTANCE, BERLUSCONI PROMISED TO TALK TO HIS CONTACTS IN THE MEDIA INDUSTRY REGARDING TELEVISION AND PRINT ADVERTISING CAMPAIGNS TO MAKE ITALIANS MORE AWARE OF THE TOURISM OPPORTUNITIES IN ALBANIA. BERLUSCONI EVEN PROMISED TO VISIT (NON-OFFICIALLY) ALBANIA HIMSELF TO HELP PROVIDE SOME PUBLICITY FOR THE CAMPAIGN.

4. (C) XHUFİ COMMENTED THAT MORE INVESTMENT, IN GENERAL, WAS NEEDED FROM EUROPEAN COUNTRIES LIKE ITALY IN ORDER TO HELP STABILIZE THE ECONOMIC AND POLITICAL SITUATION IN ALBANIA. FOR INSTANCE THERE IS ONLY "ONE-HALF OF AN ITALIAN BANK" (THE ITALO-ALBANIAN BANK) IN TIRANA, WHICH CANNOT SUPPORT MAJOR ITALIAN INVESTMENT. IN COMPARISON, THERE ARE 5 MAJOR GREEK BANKS PROVIDING SUPPORT TO INVESTORS FROM GREECE.

ITALY ALSO NEEDS TO BECOME MORE INVOLVED IN THE PRIVATIZATION PROCESS IN ALBANIA. HE SAID THAT BERLUSCONI HAD PROMISED MAJKO THAT HE WOULD URGE SOME OF HIS CONTACTS IN THE TELECOM SECTOR TO GIVE A CLOSE LOOK TO ALBANIA, BUT MAJKO REALIZES THAT ITALIANS WILL BE CAUTIOUS, GIVEN THAT SOME OTHER INVESTMENTS BY ITALIAN COMPANIES IN THE TELECOM SECTOR IN OTHER REGIONS HAD FAILED.

5. (C) XHUFİ ACKNOWLEDGED THAT THE MOST IMPORTANT OBSTACLE TO INVESTMENT IN ALBANIA WAS ENERGY, FOLLOWED CLOSELY BY CONCERN AMONG INTERNATIONAL INVESTORS OVER TAXATION AND CORRUPTION ISSUES. ALBANIA WAS WORKING HARD TO IMPROVE IN THESE AREAS. HE CITED THE EU ACCESSION AND WTO PROCESSES AS DRIVERS FOR THIS IMPROVEMENT, AND NOTED THE FREE TRADE ZONES WITH MACEDONIA AND CROATIA AS SIGNS OF PROGRESS.

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6. (C) XHUFİ SAID THAT HE WAS PLEASED WITH THE INCREASED COOPERATION BETWEEN ITALY AND ALBANIA ON TRAFFICKING ISSUES, NOTING THAT ALBANIAN ORIGIN HUMAN TRAFFICKING INTO ITALY WAS ONE-QUARTER OF THE PREVIOUS YEAR'S LEVEL. HE EMPHASIZED THE NEED FOR EVEN CLOSER COOPERATION AMONG LAW ENFORCEMENT AUTHORITIES THROUGHOUT THE REGION IN DEALING WITH TRAFFICKING/SMUGGLING ISSUES, PARTICULARLY SINCE MUCH OF THE ALBANIA-ITALY ILLEGAL IMMIGRATION PROBLEM INVOLVED THIRD COUNTRY NATIONALS. THERE MUST BE A "REGIONAL LEGAL FRAMEWORK," AND OTHER COUNTRIES OF ORIGIN FOR TRAFFICKING WOULD HAVE TO "ACT RESPONSIBLY." NOTE: OUR CONVERSATION WITH XHUFİ TOOK PLACE A FEW DAYS AFTER SIX ALBANIANS HAD DROWNED ATTEMPTING TO MAKE A CLANDESTINE CROSSING OF THE ADRIATIC. WE WILL REPORT MORE ON THAT TOPIC SEPTEL. END NOTE.

7. (C) DURING A FOLLOW UP TO THIS READOUT, MFA BALKAN

OFFICE DIRECTOR MAURIZIO MASSARI CONFIRMED THE ENEL VISIT, AND SAID THAT MFA UNDER SECRETARY OF STATE ROBERTO ANTONIONE WOULD VISIT ALBANIA APRIL 8-9, WHERE HE WOULD ANNOUNCE A GOI ASSISTANCE PACKAGE TO ALBANIA CONSISTING OF 150 MILLION EURO FOR DEVELOPMENT SPREAD OVER NEXT 3 YEARS. MASSARI ALSO CONFIRMED THAT BERLUSCONI HAD PROMISED ASSISTANCE WITH THE TOURISM SECTOR. FOR INSTANCE, THE GOI IS INTERESTED IN HELPING ALBANIA DEVELOP AS TOURIST SITES A NUMBER OF ROMAN RUINS SCATTERED THROUGHOUT THE COUNTRY. MASSARI DOUBTED, HOWEVER, THAT THE PM WOULD VISIT ALBANIA, OFFICIALLY OR

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ACTION EUR-00

INFO	LOG-00	NP-00	AID-00	ACQ-00	CEA-01	CIAE-00	COME-00
	CTME-00	DINT-00	DODE-00	DOEE-00	SRPP-00	DS-00	EB-00
	EXIM-01	E-00	VC-00	FRB-00	H-01	TEDE-00	INR-00
	IO-00	ITC-01	LAB-01	L-00	VCE-00	AC-01	NSAE-00
	NSCE-00	OES-01	OIC-02	OMB-01	OPIC-01	PA-00	PC-01
	PM-00	PRS-00	ACE-00	P-00	SCT-00	SP-00	IRM-00
	SSO-00	SS-00	STR-00	TRSE-00	T-00	USIE-00	EPAE-00
	PMB-00	DSCC-00	PRM-00	DRL-02	G-00	NFAT-00	SAS-00

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P 191159Z MAR 02  
FM AMEMBASSY ROME  
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INFO EU CANDIDATE STATES COLLECTIVE  
EU INTEREST COLLECTIVE  
EU MEMBER STATES COLLECTIVE  
AMEMBASSY BELGRADE  
AMEMBASSY SKOPJE  
AMEMBASSY ZAGREB  
USOFFICE PRISTINA

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NON-OFFICIALLY, ANY TIME SOON.

**18.** (C) COMMENT: ALBANIA'S ENERGY PROBLEMS ARE LONG-STANDING AND HAVE BECOME A MAJOR FOCUS OF STABILITY PACT EFFORTS. ALTHOUGH THE GOI, STILL THE MAJORITY OWNER OF THE SLOWLY PRIVATIZING ENEL, CAN ARRANGE A VISIT TO ALBANIA BY AN ENEL TEAM, ENEL IS NOT IN THE FOREIGN AID BUSINESS AND IS UNLIKELY TO MAKE A MAJOR INVESTMENT IN IMPOVERISHED ALBANIA. THE ASSISTANCE THE ALBANIANS THINK BERLUSCONI PROMISED WILL NOT COME FROM ENEL'S COFFERS. WHILE THERE MAY BE NOTHING ON BERLUSCONI'S CALENDAR INDICATING A VISIT TO ALBANIA, WE WOULD NOT BE SURPRISED TO SEE HIM MAKE A QUICK TRIP, PARTICULARLY IF ONE OF HIS MANY MEDIA CONTACTS ASKED HIM TO LEND HIS ASSISTANCE TO A PUBLICITY CAMPAIGN TO SELL ALBANIA AS A TOURIST DESTINATION TO ITALIANS. END COMMENT.

**19.** (U) MINIMIZE CONSIDERED.  
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